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N° 117 – August/September 2009

GENERAL INTEREST

Joe Biden
The 200 Days of the American Recovery and Reinvestment Act
The White House, Office of the Vice President – Remarks at the Brookings Institution - September 3, 2009 – 12 pages
http://www.brookings.edu/~/media/Files/events/2009/0903_recovery_biden/biden_remarks.pdf

"As the chief Administration official entrusted with the implementation of the stimulus plan, Vice President Joe Biden has a unique perspective on the accomplishments of the program during its first six months as well as the work that lies ahead."

Emergency Economic Stabilization Act: One Year Later
Senate Committee on Banking – Hearing - September 24th
http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=ff78e881-372e-41e3-915d-e4d5a93da22d

The witness on panel I will be: The Honorable Herbert M. Allison, Jr., Assistant Secretary for Financial Stability (TARP), U.S. Department of the Treasury. The witnesses on panel II will be: The Honorable Neil M. Barofsky, Special Inspector General, Troubled Asset Relief Program; Mr. Gene L. Dodaro, Acting Comptroller General, U.S. Government Accountability Office; and Professor Elizabeth Warren, Chairman, Congressional Oversight Panel.

Follow the Money: An Update on Stimulus Spending, Transparency, and Fraud Prevention
Senate Committee on Homeland Security and Governmental Affairs – Hearing - September 10, 2009
http://hsgac.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=7cc5f1b2-1449-4484-91e5-7c30d89bedc9

Robert L. Nabors II, Deputy Director, Office of Management and Budget
Jon D. Leibowitz, Chairman , Federal Trade Commission
Earl E. Devaney, Chairman , Recovery Accountability and Transparency Board
J. Christopher Mihm, Managing Director, Strategic Issues, U. S. Goverment Accountability Office

William G. Gale, Alan J. Auerbach
An Update on the Economic and Fiscal Crises: 2009 and Beyond
The Brookings Institution – Paper – September 2009 – 49 pages

http://www.brookings.edu/~/media/Files/rc/papers/2009/06_fiscal_crisis_gale/06_fiscal_crisis_gale_update.pdf

"In light of these tumultuous and historic events, this paper describes the current U.S. fiscal status, explains recent trends and examines future prospects and implications. Because of the magnitude of recent changes, we report several major conclusions."

John Fernald and Kyle Matoba
Growth Accounting, Potential Output, and the Current Recession
FRB San Francisco – Economic Letter – August 17, 2009 – 4 pages
http://www.frbsf.org/publications/economics/letter/2009/el2009-26.html

Total factor productivity--a measure of the efficiency with which labor and capital are used--has fallen during the current recession. But, after adjustment for lower utilization of labor and capital, such productivity has risen strongly over the past two years. These growth-accounting measures suggest that efficiency gains have continued during the recession, boding well for long-term economic growth.

Tracking Economic Recession and Recovery in America's 100 Largest Metropolitan Areas
The Brookings Institution - MetroMonitor – September 2009 - 21 pages
http://www.brookings.edu/reports/2009/06_metro_monitor.aspx

"While these national trends provide an important look at the country's overall economic health, they mask the continued variable performance of America's individual metropolitan economies. MetroMonitor exposes that diversity. Differences in economic performance among metropolitan areas remained stark… The South is overrepresented among both the 20 metro areas that suffered the most in the recession and the 20 that suffered least… Only a handful of metropolitan areas showed early signs of full recovery from the recession."

2009-2010 Assets & Opportunity Scorecard
Center for Economic Development - September 2009
http://scorecard.cfed.org/

Individuals and families in Arizona, South Carolina and the Delta states of Mississippi, Louisiana and Arkansas lag behind the rest of the country in key aspects related to their financial stability, including measures of net worth, homeownership and housing affordability, business ownership, health insurance coverage and academic achievement, according to the scorecard.

Carmen DeNavas-Walt et al.
Income, Poverty, and Health Insurance Coverage in the United States: 2008
Bureau of the Census - September 10, 2009 – Report – 74 pages
http://www.census.gov/prod/2009pubs/p60-236.pdf

The U.S. Census Bureau reports that real median household income in the United States fell 3.6 percent between 2007 and 2008, from $52,163 to $50,303. This breaks a string of three years of annual income increases and coincides with the recession that started in December 2007. The nation's official poverty rate in 2008 was 13.2 percent, up from 12.5 percent in 2007. There were 39.8 million people in poverty in 2008, up from 37.3 million in 2007. Meanwhile, the number of people without health insurance coverage rose from 45.7 million in 2007 to 46.3 million in 2008, while the percentage remained unchanged at 15.4 percent.

Katharine Bradbury and Jane Katz
Trends in U.S. Family Income Mobility, 1967–2004

FRB Boston –Working Paper - 39 pages
http://www.bos.frb.org/economic/wp/wp2009/wp0907.htm

“Much of America's promise is predicated on the existence of economic mobility--the idea that people are not limited or defined by where they start, but can move up the economic ladder based on their efforts and accomplishments…. Using data from the Panel Study of Income Dynamics and a number of mobility concepts and measures drawn from the literature, we examine mobility levels and trends for U.S. working-age families, overall and by race, during the time span 1967-2004. By most measures, we find that mobility is lower in more recent periods (the 1990s into the early 2000s) than in earlier periods (the 1970s).”

FISCAL AND TAX POLICIES

Measuring the Effects of the Business Cycle on the Federal Budget: An Update
Congressional Budget Office - September 1, 2009. – 6 pages
http://www.cbo.gov/ftpdocs/105xx/doc10544/09-01_Update_BusinessCycle.pdf

According to Congressional Budget Office’s projections, under current tax and spending policies, the budget deficit would increase from $459 billion in 2008 to $1.6 trillion in 2009 and then fall to $1.4 trillion in 2010 and to $921 billion in 2011. The size of the deficit is influenced both by policy changes and by the automatic responses of revenues and outlays to economic developments.

Daniel J. Mitchell
The Laffer Curve: Understanding the Relationship Between Tax Rates, Taxable Income, and Tax Revenue
Center for Freedom and Prosperity Foundation - August 2009 – 13 pages
http://www.freedomandprosperity.org/Papers/laffer1/laffer1.pdf

The author reviews the theory and evidence for "Laffer Curve" effects and discusses how the Joint Committee on Taxation's revenue-estimating process is based on the theory that changes in tax policy , even dramatic reforms such as a flat tax, do not affect economic growth. Because of congressional budget rules, this leads to a bias for tax increases and against tax cuts.

Expiring Tax Incentives: Examining their Importance for Small Businesses on the Road to an Economic Recovery
House Committee on Small Business – Hearing - September 30, 2009
http://www.house.gov/smbiz/hearings/hearing-9-30-09-tax-incentives/hearing-witnesses-tax-incentives.htm

At the end of 2009, numerous tax provisions that small businesses utilize to grow and expand their business are set to expire unless Congress acts. As Congress considers policies that will sustain the economic recovery witnessed in the past few months, the Committee examined the importance of a variety of these tax incentives and their impact on small firms.

MONETARY POLICY

William R. White
Should Monetary Policy "Lean or Clean"?
FRB Dallas - Globalization and Monetary Policy Institute - Working Paper – August 2009 – 24 pages
http://dallasfed.org/institute/wpapers/2009/0034.pdf

It has been contended by many in the central banking community that monetary policy would not be effective in "leaning" against the upswing of a credit cycle (the boom) but that lower interest rates would be effective in "cleaning" up (the bust) afterwards. In this paper, these two propositions (can't lean, but can clean) are examined and found seriously deficient.

Richard N. Cooper
The Future of the Dollar
The Peterson Institute - Policy Brief – September 2009 - 6 pages
http://www.piie.com/publications/pb/pb09-21.pdf

"The global financial and economic crisis and prospects for large and sustained budget deficits in the United States have prompted countries with massive dollar holdings such as China to consider alternatives to the US dollar. These countries realize that they would suffer losses if inflation eroded the value of the dollar securities they own. Are there feasible alternatives to the US dollar as a widely used international currency? Richard Cooper looks at possible alternatives—major currencies in use, such as the euro, the yen, the pound, or even the Chinese renminbi, and a synthetic currency such as the special drawing rights of the International Monetary Fund—and concludes that no other currency seems likely to overtake the US dollar, and it is likely to remain the dominant international currency for a long time."

John Williamson
Why SDRs Could Rival the Dollar
The Peterson Institute - Policy Brief – September 2009 – 6 pages
http://www.piie.com/publications/pb/pb09-20.pdf

"The special drawing rights (SDRs)—the International Monetary Fund's unit of account—could emerge as a rival to the US dollar as an international reserve currency. Williamson questions the assertion of Cato Institute's Swaminathan Aiyar that the SDR is not a currency and can never be one… For most countries, there is a clear advantage in boosting the role of the SDR and achieving a portion of the seigniorage gains. The interests of major reserve-currency countries, like the United States and potentially China, in displacing the dollar's reserve role can be disputed, but these countries too would benefit from an enhanced role of the SDR."

FINANCIAL CRISIS

A Year in Turmoil: An Address by Fed Chairman Ben Bernanke
The Brookings Institution – Event transcript – September 15, 2009 – 84 pages
http://www.brookings.edu/events/2009/0915_financial_crisis.aspx

"On September 15, one year after the Lehman collapse, the Brookings Institution hosted a forum to explore the tumultuous events of last September, where financial markets stand today and the status of regulatory reforms designed to prevent the next financial crisis. Federal Reserve Chairman Ben Bernanke gave the keynote address, followed by a panel that included Brookings Senior Fellow and Director of the Initiative on Business and Public Policy Martin Baily; Co-director of Economic Studies Ted Gayer; Senior Fellow Eswar Prasad, Glenn Hutchins—co-founder and co-chief executive of Silver Lake; and AEI Resident Scholar Vincent Reinhart."

An Update on the Economic and Fiscal Crises: 2009 and Beyond
The Brookings Institution – Paper – September 2009 – 49 pages
http://www.brookings.edu/~/media/Files/rc/papers/2009/06_fiscal_crisis_gale/06_fiscal_crisis_gale_update.pdf

“In light of these tumultuous and historic events, this paper describes the current U.S. fiscal status, explains recent trends and examines future prospects and implications. Because of the magnitude of recent changes, we report several major conclusions.”

James K. Galbraith
Financial and Monetary Issues as the Crisis Unfolds
The Levy Economics Institute of Bard College - Public Policy Brief - August 2009 – 16 pages
http://www.levy.org/pubs/ppb_103.pdf

“A group of experts associated with the Economists for Peace and Security and the Initiative for Rethinking the Economy met recently in Paris to discuss financial and monetary issues; their viewpoints, summarized here by Senior Scholar James K. Galbraith, are largely at odds with the global political and economic establishment. Despite noting some success in averting a catastrophic collapse of liquidity and a decline in output, the Paris group was pessimistic that there would be sustained economic recovery and a return of high employment. There was general consensus that the precrisis financial system should not be restored, that reviving the financial sector first was not the way to revive the economy, and that governments should not pursue exit strategies that permit a return to the status quo. Rather, the crisis exposes the need for profound reform to meet a range of physical and social objectives.”

Asani Sarkar
Liquidity Risk, Credit Risk, and the Federal Reserve’s Responses to the Crisis
Federal Reserve Bank of New York – Staff Report - September 11, 2009 – 26 pages
http://www.newyorkfed.org/research/staff_reports/sr389.pdf

In responding to the severity and broad scope of the financial crisis that began in 2007, the Federal Reserve has made aggressive use of both traditional monetary policy instruments and innovative tools in an effort to provide liquidity. In this paper, the author examines the Fed’s actions in light of the underlying financial amplification mechanisms propagating the crisis--in particular, balance sheet constraints and counterparty credit risk…Sarkar concludes that an understanding of the prevailing risk environment is necessary in order to evaluate when central bank programs are likely to be effective and under what conditions the programs might cease to be necessary.”

Maintaining Stability in a Changing Financial System
FRB Kansas City – August 2009
http://www.kansascityfed.org/home/subwebnav.cfm?level=3&theID=11163&SubWeb=10660

“Papers presented at the Federal Reserve Bank of Kansas City's economic policy symposium, "Maintaining Stability in a Changing Financial System," held Aug. 21 - 23, 2008, in Jackson Hole, Wyo., are now available.”

Peter Boone and Simon Johnson
The Next Financial Crisis: It's Coming—and We Just Made It Worse
The Peterson Institute – New Republic - Article - September 8, 2009
http://www.piie.com/publications/papers/paper.cfm?ResearchID=1292

“The United States has been in a bubble-bust-bailout cycle since the late 1920s. During the most recent crisis, Ben Bernanke saved the financial system in the short term while exacerbating the long-term pattern of bubble-bust-bailout. A proposal unveiled by Treasury Secretary Timothy Geithner to reduce the number of agencies carrying out regulation and giving new powers to the Fed is unlikely to work, according to Peter Boone and Simon Johnson, who cite the proposal's inability to alter banks' incentive to take excessive risks. The authors propose a four-part solution to the bubble-bust-bailout cycle that centers heavily on making bank owners more financially responsible for the risks they take."

Scott Sumner
The Real Problem was Nominal
The Cato Institute – Essay - September 14th, 2009
http://www.cato-unbound.org/2009/09/14/scott-sumner/the-real-problem-was-nominal/

"Bentley University economist Scott Sumner argues that almost everything economists and economic policymakers thought they knew about the role of monetary policy in the recent recession and financial collapse is wrong. Sumner contends that the resources of monetary policy were not exhausted, as many economists believed, but were barely used. Flying in the face of conventional wisdom, Sumner maintains that monetary policy in the run-up to the financial crisis was not highly expansionary, but was in fact disastrously contractionary. Sumner offers a short history of monetary economics to put into historical perspective the role of allegedly failed monetary policy in the financial crisis and recession."

Raghuram G. Rajan
The Credit Crisis and Cycle-Proof Regulation
Federal Reserve Bank of St. Louis Review - Article - September/October 2009 – 6 pages
http://research.stlouisfed.org/publications/review/09/09/part1/Rajan.pdf

"The current financial crisis can be blamed on many factors and even some particular players in financial markets and regulatory institutions. But in pinning the disaster on specific agents, we could miss the cause that links them all. I argue that this common cause is cyclical euphoria; and, unless we recognize this, our regulatory efforts are likely to fall far short of preventing the next crisis."

Charles Calomiris
Banking Crises Yesterday and Today
The Pew Financial Project – Briefing Paper – September 24, 2009 – 29 pages
http://www.pewfr.org/task_force_reports_detail?id=0022

"Financial crises appear to be a common and fairly constant feature of the economic cycle. Banking crises, a distinct subset of financial crises, consist either of panics, moments of temporary confusion about the unobservable incidence across the financial system of observable aggregate shocks, or severe waves of bank failures which result in aggregate negative net worth of failed banks in excess of one percent of GDP. Unlike financial crises, however, historical evidence suggests that banking crises cannot be seen as an inevitable result of human nature or the liquidity transforming structure of bank balance sheets, and adverse macroeconomic circumstances alone are not sufficient to produce banking crises."

Bharat Trehan - Andrew K. Rose and Mark M. Spiegel
Predicting Crises, Part I: Do Coming Crises Cast Their Shadows Before?
Predicting Crises, Part II: Did Anything Matter (to Everybody)?
FRB San Francisco – Economic Letter – September 21&28, 2009
http://www.frbsf.org/publications/economics/letter/2009/el2009-29.html
http://www.frbsf.org/publications/economics/letter/2009/el2009-30.html

The enormity of the current financial collapse, widely described as a bursting bubble, raises the question whether the crisis could have been predicted, possibly permitting action to offset its effects. In the first letter, we look at developments in the United States and find evidence suggesting that simple indicators based on asset market developments can provide early warnings about potentially dangerous financial imbalances. The second letter examines research suggesting that early warning models would not have accurately predicted the relative severity of the current crisis across countries, casting doubt on the ability of such models to forecast similar crises in the future.

James Bullard, Christopher J. Neely, and David C. Wheelock
Systemic Risk and the Financial Crisis: A Primer
Federal Reserve Bank of St. Louis Review - Article - September/October 2009 – 16 pages
http://research.stlouisfed.org/publications/review/09/09/part1/Bullard.pdf

"This article examines the role of systemic risk in the recent financial crisis. Systemic concerns prompted the Federal Reserve and U.S. Department of the Treasury to act to prevent the bankruptcy of several large financial firms in 2008. The authors explain why the failures of financial firms are more likely to pose systemic risks than the failures of nonfinancial firms and discuss possible remedies for such risks. They conclude that the economy could benefit from reforms that reduce systemic risks, such as the creation of an improved regime for resolving failures of large financial firms."

Why Don't Lenders Renegotiate More Home Mortgages? Redefaults, Self-Cures, and Securitization
FRB Atlanta - Working Paper – September 2009 – 42 pages
http://www.frbatlanta.org/filelegacydocs/wp0917.pdf

Mortgage lenders have been reluctant to renegotiate seriously delinquent mortgages. The authors show servicers find renegotiation unattractive because of the possibility of redefault and because a delinquent borrower might become current without renegotiation.

Progress of the Making Home Affordable Program: What Are the Outcomes for Homeowners and What Are the Obstacles to Success?
House Committee on Financial Services – Hearing – September 9, 2009
http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr_090209.shtml

Testimonies by government officials and actors from the private sector

REGULATION

International Cooperation to Modernize Financial Regulation
Senate Committee on Banking – Hearing - September 30th
http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=ad3d07e9-7b4c-4049-b008-39b74c014baa

The witnesses will be: The Honorable Kathleen L. Casey, Commissioner, Securities and Exchange Commission; Mr. Mark Sobel, Acting Assistant Secretary for International Affairs, US Department of the Treasury; and The Honorable Daniel Tarullo, Member, Board of Governors of the Federal Reserve System.

Financial Regulatory Proposals – Hearings at the House Committee for Financial Services

September 23: The Administration's Proposals for Financial Regulatory Reform
http://www.house.gov/apps/list/hearing/financialsvcs_dem/fchr1_092309.shtml

September 23: Federal Regulator Perspectives on Financial Regulatory Reform Proposals
http://www.house.gov/apps/list/hearing/financialsvcs_dem/fchr2_092309.shtml

September 24: Experts' Perspectives on Systemic Risk and Resolution Issues http://www.house.gov/apps/list/hearing/financialsvcs_dem/fchr_092409.shtml

September 30: Reforming Credit Rating Agencies
http://www.house.gov/apps/list/hearing/financialsvcs_dem/pressCM_093009.shtml

September 30: Perspectives on the Consumer Financial Protection Agency
http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr_092309.shtml

October 1: Federal Reserve Perspectives on Financial Regulatory Reform Proposals
http://www.house.gov/apps/list/hearing/financialsvcs_dem/fchr_100109.shtml

The Pew Financial Reform Project
http://www.pewfr.org/

After the recent financial crisis, the Pew Trusts decided to establish the Pew Financial Reform Project. The goal of this Project is "to bring nonpartisan, balanced, fact-based analysis directly to policymakers." To achieve this goal, the Project established a task force on financial reform, created a policy briefing series, and developed this website. The materials on the site are divided into the sections "Task Force Reports", "Reform Resources", "Events", "About Us", and "Discussion Forum". The "Task Force Reports" area includes background notes, briefing papers, and task force recommendations.

Arnold Kling
Regulation and the Financial Crisis: Myths and Realities
American Enterprise Institute – The American – Article - September 9, 2009
http://www.american.com/archive/2009/september/regulation-and-the-financial-crisis-myths-and-realities

“Many regulatory policies were major contributors to the crisis. To proceed without examining past policies, particularly in the areas of housing and bank capital regulation, would preclude learning the lessons of history. The role of regulatory policy in the financial crisis is sometimes presented in simplistic and misleading ways.”

David C. John
How to Protect Consumers in the Financial Marketplace: An Alternate Approach
The Heritage Foundation - Backgrounder - September 8, 2009 – 6 pages
http://www.heritage.org/Research/Regulation/upload/bg_2314.pdf

The Treasury Department has proposed consolidating the existing consumer protection divisions of the various federal financial regulatory agencies into a new and powerful Consumer Financial Protection Agency (CFPA)… Creating a new agency would be an enormous mistake that would hurt consumers far more than it would help them… A far better approach would be to coordinate the consumer activities of existing state and federal financial regulators by creating a coordinating council designed to promote equal standards of consumer protection using agencies' existing powers.

Martin Neil Baily
Consumer Financial Protection: Advantages, Dangers and Should it be a New Agency?
The Brookings Institution – Study - September 30, 2009 — 10 pages
http://www.brookings.edu/~/media/Files/rc/papers/2009/0930_consumer_protection_baily/0930_consumer_protection_baily.pdf

“Widespread consumer credit defaults help makes it clear improved consumer protection is needed. Had there been better protection prior to the financial crisis this would have ameliorated the severity of the crisis and might even have forestalled it. However, there are dangers in a Consumer Financial Protection Agency

(CFPA), dangers of over regulation and of stifling innovation. Proposals for blanket prohibitions and for compulsory provision of plain vanilla products are probably a step too far. The emphasis should be on improved transparency and on solving the market failure of inadequate information."

Douglas J. Elliott
Quantifying the Effects on Lending of Increased Capital Requirements
The Pew Financial Project – Briefing Paper – September 24, 2009 – 23 pages
http://www.pewfr.org/admin/task_force_reports/files/Elliott-Capital-final.pdf

The Pew study presented here strongly suggests that the U.S. banking industry could adjust to higher capital requirements on loans through a combination of actions that would not wreak havoc on the system.

Kory Killgo
Restoring Banking's Safety Net: Deposit Insurance's Steeper Cost
FRB Dallas – Article - Southwest Economy - Third Quarter 2009
http://dallasfed.org/research/swe/2009/swe0903g.cfm

"A recession now in its 21st month has presented tremendous challenges to the deposit insurance system. Actual and expected bank failures have left the DIF below its mandated level; the fund's balance declined from $45.2 billion on June 30, 2008, to $10.4 billion on June 30, 2009. The FDIC has responded by raising the premiums banks pay. Premiums will rise for banks in the Dallas-based Eleventh Federal Reserve District—but not by as much as they will for banks in the rest of the country.[1] This additional cost is an important consideration because every dollar spent on insurance is a dollar that can't be lent or otherwise invested."

Emma Coleman Jordan
A Fair Deal for Taxpayer Investments - Public Directors Are Necessary to Restore Trust and Accountability at Companies Rescued by the U.S. Government
Center for American Progress – Report - September 2009 – 28 pages
http://www.americanprogress.org/issues/2009/09/pdf/public_directors.pdf

"During the financial markets crash of 2008, the Treasury Department and the Federal Reserve—of necessity—improvised dramatic and aggressive solutions to rescue the financial sector from imminent collapse. A welter of creative regulatory and monetary solutions provided massive amounts of government assistance to rescue private firms from probable failure. However, the benefits of government intervention have so far largely flowed one way only—from the taxpayers to the financial sector—and there has been a marked absence of accountability or transparency associated with these government-provided benefits."

Fannie Mae and Freddie Mac: Analysis of Options for Revising the Housing Enterprises' Long-Term Structures
GAO – Report - September 10, 2009 – 73 pages
http://www.gao.gov/cgi-bin/getrpt?GAO-09-782

"Congress established Fannie Mae and Freddie Mac (the enterprises) with two key housing missions: (1) provide stability in the secondary market for residential mortgages (also in periods of economic stress) and (2) serve the mortgage credit needs of targeted groups such as low-income borrowers… On September 6, 2008, the Federal Housing Finance Agency (FHFA) placed the enterprises into conservatorship out of concern that their deteriorating financial condition ($5.4 trillion in outstanding obligations) would destabilize the financial system. With estimates that the conservatorship will cost taxpayers nearly $400 billion, GAO initiated this report under the Comptroller General's authority to help inform the forthcoming congressional debate on the enterprises' future structures."

OTHER FINANCIAL ISSUES

Proposals to Enhance the Community Reinvestment Act
House Committee on Financial Services – Hearing – September 16, 2009
http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr_080909.shtml

"The CRA encourages banks to invest in the communities in which they operate. It established a system to monitor and rate the way in which banks lend to all of their customers—for home mortgages, small business creation, and economic development… All stakeholders agree that the CRA has worked. Since 1996, banks under CRA have made community development loans totaling more than $407 billion. They have also made $581 billion in small business loans in low- and moderate-income neighborhoods from 1996 through 2007… CRA has thus been an extremely successful law; however, CRA needs to be updated."

Katy Jacob, Carrie Jankowski and Anna Lunn
Payments Pricing: Who Bears the Cost?—A conference summary
FRB Chicago – Fed Letter – September 2009 – 4 pages.
http://www.chicagofed.org/publications/fedletter/cflseptember2009_266a.pdf

As consumers and merchants increasingly adopt electronic payments, the pricing of these services has generated substantial scrutiny by public authorities around the world.
To discuss these developments and related issues, the Federal Reserve Bank of Chicago hosted its ninth annual Payments Conference on May 14–15, 2009.

William Mark, Steven VanBever
When Worlds Collide: The Altered State of Private Equity — A conference summary
FRB Chicago – Fed Letter – October 2009 – 4 pages.
http://www.chicagofed.org/publications/fedletter/cfloctober2009_267b.pdf

The Federal Reserve System's Private Equity Merchant Banking Knowledge Center, formed at the Chicago Fed in 2000 after the passage of the Gramm–Leach–Bliley Act, sponsors an annual conference on new industry developments. This article summarizes the ninth annual conference, held on June 25–26, 2009.

Will the Demand for Assets Fall When the Baby Boomers Retire?
CBO - Background Paper - September 2009 – 33 pages
http://www.cbo.gov/doc.cfm?index=10526

"Although the shift in demographics caused by that group's (baby boom generation) retirement from the workforce might affect the U.S. economy in many ways, this background paper focuses on what could happen in just one area: the demand for assets, particularly financial assets, such as stocks and bonds. Some economists have warned of the possibility of a dramatic decline in demand as baby boomers sell off their assets to finance consumption in retirement; they assert that the sell-off could cause a dramatic decline in prices. An evaluation of the evidence, however, indicates that such a dramatic decline in asset demand and prices is unlikely."

Lending Competition of Community Banks and the Farm Credit System
FRB Kansas City – Study – September 2009 – 16 pages
http://www.kansascityfed.org/banking/bankingpublications/LendingCompetition08-09.pdf?ealert=SRM0904

This study examines the sources of loan competition that community banks have faced and how the nature of that competition has changed over the years, as regulations were altered that previously limited bank branching or the activities of other competitors, like thrifts and credit unions, or nonbanks, including government-sponsored enterprises. Specifically, this study looks at how the Farm Credit System and farm credit associations are attracting increasing attention from many community banks as significant loan competitors.

LOCAL ECONOMIC DEVELOPMENT

Matt Sherman
More Budget Belt-Tightening Means More Job Losses for States
Center for Economic and Policy Research - September 2009 – 4 pages
http://www.cepr.net/documents/publications/state-budgets-2009-09.pdf

The paper looks at the problem of state budget shortfalls during the recession and calculates the number of jobs that would be lost, nationally and by state, if states utilize pro-cyclical spending cuts in an attempt to balance their budgets.

Jason Bram, James Orr, Robert Rich, Rae Rosen, and Joseph Song
Is the Worst Over? Economic Indexes and the Course of the Recession in New York and New Jersey
FRB New York - Current Issues in Economics and Finance – Article - September 2009 – 7 pages
http://www.newyorkfed.org/research/current_issues/ci15-5.pdf

"The New York-New Jersey region entered a pronounced downturn in 2008, but the pace of decline eased considerably in spring 2009 and then leveled off in July, according to three key Federal Reserve Bank of New York economic indexes. These developments, in conjunction with a growing consensus that the national economy is headed for recovery, suggest that the worst may be over for the region's economy. However, a downsizing of the area's critical finance sector could pose a major risk to the economic outlook going forward--particularly for New York City."

Further Evidence of Stabilization in Texas Economy
Federal Reserve Bank of Dallas - August 2009
http://dallasfed.org/research/update-reg/2009/0905

The Eleventh District economy has displayed evidence of further stabilization. Recent data and anecdotal reports indicate the Texas economy is flattening at subdued levels, with some hope of improvement toward the end of the year.

Louise Bedsworth, Tracy Gordon, Ellen Hanak, Hans Johnson, Jed Kolko, and Eric Larsen
California 2025: Planning for a Better Future
Public Policy Institute of California – Report - July 2009 – 42 pages
http://www.ppic.org/content/pubs/report/R_709BKR.pdf

The future quality of life in California is in jeopardy if short-term crisis management distracts policymakers from long-term planning. PPIC keeps that message front and center with this briefing kit and with outreach efforts highlighting the state's most pressing long-term challenges in eight key areas: budget, climate change, economy, education, population, transportation, water, and workforce.

Jim Stergios and Maria Ortiz Perez
Driving the New Urban Agenda - Desired Outcomes for the Middle Cities Initiative

Pioneer Institute – July 22, 2009 – 8 pages
http://www.pioneerinstitute.org/pdf/090722_stergios_ortizperez.pdf

"As (officials) consider elements of a comprehensive urban policy strategy, Pioneer offers the following recommendations in three key areas relating to that strategy: the governance of the state's urban policy, the "value proposition" that the state can offer to cities, and what the state should expect in return from cities that want to receive funding." The recommendations in this report stem from a year's work with 13 mayors and city managers.

Jason Henderson and Maria Akers
Coming Home to Rural America: Demographic Shifts in the Tenth District
FRB Kansas City – Economic Review – Third Quarter 2009 - 26 pages
http://www.kansascityfed.org/Publicat/EconRev/PDF/09q3henderson_akers.pdf

Henderson and Akers discuss the economic implications of aging populations and migration patterns on rural Tenth District communities. They find that while rural communities in the Tenth District will struggle with aging populations and the loss of young adults, enhancing quality-of-life amenities appear to be a way for rural communities to benefit from the return of middle-aged families.

Mark Muro, Robert E. Lang
Metropolitan Las Vegas: Challenges, Opportunities, and a Vision
The Brookings Institution - September 08, 2009
http://www.brookings.edu/speeches/2009/0908_las_vegas_muro.aspx

In this speech at the Las Vegas roll-out of the project, Mark Muro and nonresident senior fellow Robert Lang argue that Las Vegas presents an exaggerated version of America's economic quandary. Muro declares that Las Vegas presents in extreme form some of the fundamental questions facing the whole country as it faces a major economic "reset" while Lang contends it can still emerge as America's next true world city.

Yolanda K. Kodrzycki and Ana Patricia Munoz
Reinvigorating Springfield's Economy: Lessons from Resurgent Cities
Federal Reserve Bank of Boston – Paper – September 2009 - 73 pages
http://www.bos.frb.org/economic/ppdp/2009/ppdp0906.htm

"As part of the Federal Reserve Bank of Boston's commitment to supporting efforts to revitalize the economy of Springfield, Massachusetts, this paper analyzes the economic development approaches of other mid-sized manufacturing-oriented cities during the past half century. From among a comparison group of 25 municipalities that were similar to Springfield in 1960, the study identifies 10 "resurgent cities" that have made substantial progress in improving living standards for their residents, and that are recognized as vital communities in a broader sense by experts on urban economic development and policy."

R&D – INNOVATION

A Strategy for American Innovation: Driving Towards Sustainable Growth and Quality Jobs
National Economic Council - Office of Science and Technology Policy – White Paper – September 2009 – 26 pages
http://www.whitehouse.gov/assets/documents/sept_20__innovation_whitepaper_final.pdf

"The Obama Innovation Strategy builds on well over $100 billion of Recovery Act funds that support innovation, additional support for education, infrastructure and others in the Recovery Act and the President's Budget, and novel regulatory and executive order initiatives. It seeks to harness the inherent ingenuity of the

American people and a dynamic private sector to ensure that the next expansion is more solid, broad-based, and beneficial than previous ones. It focuses on critical areas where sensible, balanced government policies can lay the foundation for innovation that leads to quality jobs and shared prosperity. It has three parts."

Jonathan Sallet, Ed Paisley, Justin R. Masterman
The Geography of Innovation
Center for American Progress – Report – September 2, 2009 - 43 pages
http://www.scienceprogress.org/wp-content/uploads/2009/09/eda_paper.pdf

"In this paper, we focus on the importance of President Barack Obama's call for a new federal effort to support regional innovation clusters. We know now—from a solid record of state and local achievements and academic research—that regional innovation clusters are a critical component of national competitiveness… The United States, we argue in this paper, requires innovation policies for which responsibility is shared between regional leaders and the federal government."

The Roles of Federal Labs in Spurring Innovation and Entrepreneurship across the U.S.
House Committee on Small Business – Hearing - September 24, 2009
http://www.house.gov/smbiz/hearings/hearing-9-24-09-federal-labs/hearing-witnesses-federal-labs.htm

The hearing reviewed the importance of these research projects in job creation as Congress considers ways to promote entrepreneurship and innovation. The Subcommittee heard testimony from industry representatives on how small businesses performing contracts for federal labs and research facilities have generated technological advancements and local economic benefits.

Strengthening Regional Innovation: A Perspective from Northeast Texas
House Committee on Science and Technology – Hearing – September 14, 2009
http://science.house.gov/publications/hearings_markups_details.aspx?NewsID=2589

The House Committee on Science and Technology held a field hearing to examine the significance of regional innovation centers on the U.S. economy and global competitiveness. Regional innovation centers cultivate a steady flow of new ideas by partnering universities and specialized research centers nationwide. Specifically, the hearing focused on the roles of the federal, state, and local governments in supporting these centers.

INDUSTRY

Brent D. Yacobucci and Bill Canis
Accelerated Vehicle Retirement for Economy: "Cash for Clunkers"
Congressional Research Service, Library of Congress - August 2009 – 12 pages
http://assets.opencrs.com/rpts/R40654_20090810.pdf

In an attempt to boost sagging U.S. auto sales and to promote higher vehicle fuel economy, the President signed legislation on June 24, 2009–P.L. 111-32–establishing a program to provide rebates to prospective purchasers toward the purchase of new, fuel-efficient vehicles, provided the trade-in vehicles are scrapped. The report outlines the key provisions of the CARS program, discusses the initial impact of the program and some of the concerns raised by Senators. It also summarizes similar programs in other countries.

Todd Myers and H. Sterling Burnett
The High Cost of Cash for Clunkers
National Center for Policy Analysis - Brief Analysis - August 27, 2009 – 2 pages
http://www.ncpa.org/pdfs/ba674.pdf

“The $1 billion set aside for the Car Allowance Rebate System (CARS), or "Cash for Clunkers," ran out quickly this summer. Congress refueled the popular stimulus program with another $2 billion - enough to buy a total of approximately 750,000 trade-ins...The Cash for Clunkers program cost the government $3 billion dollars and did not accomplish the goals the program set out to accomplish. The report suggests that Congress had a good idea when implementing the Cash for Clunkers program, but executed it poorly; and in the future should have a clear picture of what that program or one similar can realistically accomplish before implementing again.”

The Conference Board Task Force on Executive Compensation
The Conference Board - September 21, 2009 - 40 pages
http://www.conference-board.org/pdf_free/ExecCompensation2009.pdf

The study shows recommendations for corporate institutions to restore credibility and increase trust in pay practices and oversight. A significant regulatory reform debate has begun, and while government has important responsibilities, the Task Force believes that public companies and institutional shareholders also have a role and should take meaningful action to restore the trust that has been lost during the economic crisis.

Rebel A. Cole and Hamid Mehran
Gender and the Availability of Credit to Privately Held Firms: Evidence from the Surveys of Small Business Finances
FRB New York –Staff Report - August 25, 2009 – 49 pages
http://www.newyorkfed.org/research/staff_reports/sr383.pdf

Using data which span a period of sixteen years, the authors document a series of empirical regularities in male- and female-owned firms. They find that female-owned firms are 1) significantly smaller, as measured by sales, assets, and employment; 2) younger, as measured by age of the firm; 3) more likely to be organized as proprietorships and less as corporations; 4) more likely to be in retail trade and business services and less likely to be in construction, secondary manufacturing, and wholesale trade; and 5) inclined to have fewer and shorter banking relationships. Moreover, female owners are significantly younger, less experienced, and not as well educated. The authors also find strong univariate evidence of differences in the availability of credit to male- and female-owned firms.

EMPLOYMENT

James Sherk
Why Job Creation Matters More than Job Losses
The Heritage Foundation - Backgrounder - August 31, 2009
http://www.heritage.org/Research/Economy/upload/bg_2310.pdf

The unemployment rate has doubled since the recession began in 2008. Many Americans fear that their jobs are at risk, and Congress passed two stimulus bills to reduce unemployment. Congress and the American public should understand that increased layoffs are not the main reason unemployment has risen. While layoffs have increased, the larger factor increasing unemployment has been businesses cutting back on investment and entrepreneurs starting fewer new companies. Consequently they have created fewer jobs. Hundreds of billions in federal spending will not spur private-sector investment and risk-taking. A third stimulus bill will not promote job creation or reduce the unemployment rate any more than the first two.

America’s Changing Work Force - Recession Turns a Graying Office Grayer
Pew Research Center – Report - September 3, 2009 – 35 pages
http://pewsocialtrends.org/pubs/742/americas-changing-work-force#prc-jump

"The American work force is graying—and not just because the American population itself is graying. Older adults are staying in the labor force longer, and younger adults are staying out of it longer. Both trends took shape about two decades ago. Both have intensified during the current recession. And both are expected to continue after the economy recovers. According to one government estimate, 93% of the growth in the U.S. labor force from 2006 to 2016 will be among workers ages 55 and older."

Young Workers: The Lost Decade
AFL-CIO – Report - August 2009 – 48 pages
http://www.aflcio.org/aboutus/laborday/upload/laborday2009_report.pdf

This report, based on a nationwide survey of 1,156 people, examines young workers' economic standing, attitudes and hopes for the future.

Ensuring Economic Opportunities for Young Americans
House Education and Labor Committee - hearing - October 1, 2009
http://edlabor.house.gov/hearings/2009/10/ensuring-economic-opportunitie.shtml

The House Education and Labor Committee held a hearing to examine the impact on declining rate of youth employment and strategies to ensure that there are economic opportunities available for young Americans. While the recession has disproportionately impacted young adults, the employment rate among 16 to 24 year-olds has steadily declined by nearly 20 percent over the past decade to its lowest level since World War II. The consequences of reduced work opportunities among young Americans results in fewer long-term employment prospects, less earnings and a decrease in productivity.

Jessica Milano, Bruce Reed, Paul Weinstein Jr.
A Matter of Degrees: Tomorrow's Fastest Growing Jobs and Why Community College Graduates Will Get Them
The New Democratic Leadership Council – Study – September 2009 – 21 pages
http://www.dlc.org/ndol_ci.cfm?kaid=125&subid=164&contentid=255060

"This study examines tomorrow's hot jobs in four of the fastest growing sectors of the economy: education, health care, information technology, and energy and environment. We define "hot jobs" as jobs paying above average wages and having above average. Our analysis revealed a few things that we expected: the more education you have the more you can earn; and unemployment is significantly lower for the highly educated than for the less educated. But we also discovered a number of surprising things about the critical importance of education, health care, energy, and information technology in long-term job creation and economic growth."

Jacob Funk Kirkegaard
Structural and Cyclical Trends in Net Employment over US Business Cycles 1949–2009: Implications for the Next Recovery and Beyond
Peterson Institute for International Economics - Working Paper – August 2009 – 50 pages
http://www.piie.com/publications/wp/wp09-5.pdf

Kirkegaard shows that the US manufacturing sector and an increasing number of services sectors, including subsectors of the financial services industry, have been experiencing structural employment declines during the most recent business cycle. Structural employment gains in the US labor market have been increasingly concentrated in the healthcare, education, food, and professional and technical services sectors and in the occupations related to these industries. Kirkegaard concludes that the improved operation of the US labor market during the 1990s has reversed itself in the 2000s, with negative long-term economic consequences for the United States.

Aisling Cleary, Joyce Kwok, and Rob Valletta
New Highs in Unemployment Insurance Claims
FRB San Francisco – Economic Letter – September 8, 2009 – 4 pages
http://www.frbsf.org/publications/economics/letter/2009/el2009-28.html

Unemployment insurance benefits have been on an upward trend over the past two decades, partially reversing an earlier decline. The trend is associated with shifts toward a higher share of job losers among the unemployed and longer durations of unemployment, which may cause benefits to lapse for some recipients as labor market weakness persists.

Edward S. Knotek II and Stephen Terry
How Will Unemployment Fare Following the Recession?
FRB Kansas City – Economic Review – Third quarter 2009 – 29 pages
http://www.kansascityfed.org/PUBLICAT/ECONREV/pdf/09q3knotek.pdf

The authors' "analysis suggests that recent trends in labor markets, combined with the presence of a banking crisis in the current recession, raise the likelihood that unemployment will recover much more slowly from this recession than past episodes of severe recession may suggest. Moreover, such a slow recovery has the potential to raise important questions for policymakers, including the level of unemployment consistent with their goals."

Unemployment Insurance Benefits: Where Do We Go From Here?
Senate Committee on Finance – Hearing - September 15, 2009
http://finance.senate.gov/sitepages/hearing091509.html

Testimonies about the need (and consequences) "for federal action to extend jobless benefits to help stimulate the economy and serve the growing number of Americans who are actively looking for work for much longer periods of time."

Kristie M. Engemann
Retraining Displaced U.S. Workers
Liber 8 – FRB Saint Louis – Newsletter - September 2009 – 2 pages
http://liber8.stlouisfed.org/newsletter/2009/200909.pdf

When the current U.S. recession ends and recovery begins, many pre-recession jobs, such as some in financial services and the automobile industry, will not return. So what are the options if jobs in your chosen industry no longer exist? This letter focuses on job retraining programs and lists some areas of projected job growth for the near future.

Best Employers for Workers Over 50
American Association of Retired Persons -September 2009.
http://www.aarp.org/money/work/best_employers/best_employers_list_2009/

The biennial recognition program honors companies and organizations who value the 50+ workforce. For each company, you can find a description of their 2009 winning strategy.

Annette Bernhardt et al.
Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities
National Employment Law Project et al. September 2009 – 72 pages
http://nelp.3cdn.net/1797b93dd1ccdf9e7d_sdm6bc50n.pdf

The report exposes a world of work in which the core protections that many Americans take for granted: the right to be paid at least the minimum wage, the right to be paid for overtime hours, the right to take meal breaks, access to workers' compensation when injured, and the right to advocate for better working conditions, are failing significant numbers of workers. According tot the report, the sheer breadth of the problem, spanning key industries in the economy, as well as its profound impact on workers, entailing significant economic hardship, demands urgent attention.

Fractures in the Foundation: The Latino Worker's Experience in an Era of Declining Job Quality
National Council of La Raza - September 1, 2009
http://www.nclr.org/section/fractures_in_the_foundation/

Latino workers are the most likely to pay for violations of basic labor laws with their lives, according to the report. The report calls attention to the Latino occupational fatality rate, which is the highest of any demographic group.

PENSIONS

Private Pensions: Alternative Approaches Could Address Retirement Risks Faced by Workers but Pose Trade-offs
GAO - July 24, 2009 – 77 pages
http://www.gao.gov/cgi-bin/getrpt?GAO-09-642

"Recent losses in the stock market and poor economic conditions underscore that many U.S. workers are at risk of not having an adequate income in retirement from pension plans… This report addresses the following questions: (1) What are key risks faced by U.S. workers in accumulating and preserving pension benefits? (2) What approaches are used in other countries that could address these risks and what trade-offs do they present? (3) What approaches do key proposals for alternative plan designs in the U.S. suggest to mitigate risks faced by workers and what trade-offs do they entail?"

HEALTH CARE ECONOMIC ISSUES

The State of Health in the American Workforce: Does Having an Effective Workplace Matter?
Families and Work Institute - September 22, 2009 – 46 pages
http://familiesandwork.org/site/research/reports/HealthReport.pdf

In the midst of the most vigorous national health care debate in 15 years, and at a time of heightened economic insecurity, new data on employers show that the health of employed American workers is trending downward in a number of important areas. The report finds that only 28% of employees today report that their overall health is "excellent," down from 34% just six years ago. Perhaps surprisingly, men's overall health has declined more rapidly than women's.

Henry J. Aaron, Paul B. Ginsburg
Is Health Spending Excessive? If So, What Can We Do About It?
The Brookings Institution – Paper - September 10, 2009 — 16 pages
http://www.brookings.edu/~/media/Files/rc/articles/2009/0910_health_spending_aaron/0910_health_spending_aaron.pdf

"The case that the United States spends more than is optimal on health care is overwhelming. But identifying reasons for excessive spending is not the same as showing how to wring it out in ways that increase welfare. To lower spending without lowering net welfare, it is necessary to identify what procedures are effective at reasonable cost, to develop protocols that enable providers to identify in advance patients in whom expected benefits of treatment are lower than costs, to design incentives that encourage providers to act on those protocols, and to provide research support to maintain the flow of beneficial innovations."

The Obama Plan: Stability & Security for All Americans
The White House **-** September 2009
http://www.whitehouse.gov/issues/health_care/plan/

"It will provide more security and stability to those who have health insurance. It will provide insurance to those who don't. And it will lower the cost of health care for our families, our businesses, and our government," says President Obama.

Health Care Reform: A Leading Health Researcher Looks beyond the Reform Debate
RAND Review **-** Special Supplement – Summer 2009
http://www.rand.org/publications/randreview/issues/summer2009/third.html

"Meet Elizabeth McGlynn. Associate director of RAND Health and one of the top 100 U.S. health care "innovators," according to healthspottr.com, McGlynn is also codirector of the Comprehensive Assessment of Reform Efforts (COMPARE) initiative, which includes an online tool, developed at RAND, to help policymakers, the press, and others understand, evaluate, and design proposals for health care reform, not just for the current legislative session but also over the long term."

FOREIGN INVESTMENT AND INTERNATIONAL TRADE

Theodore H. Moran
Three Threats: An Analytical Framework for the CFIUS Process
Peterson Institute for International Economics **-** Brief and Book **-** August 2009
http://www.piie.com/publications/briefs/moran4297.pdf
http://bookstore.piie.com/book-store/4297.html

"Under what conditions might foreign acquisition of a US company constitute a genuine national security threat to the United States? How should analysts and strategists at the Committee on Foreign Investment in the United States (CFIUS), together with congressional overseers, assess risks and threats to distinguish between the serious and the inconsequential?"

U.S.-China Relations: Maximizing the Effectiveness of the Strategic and Economic Dialogue
House, Foreign Affairs Committee – Hearing **-** September 10, 2009
http://foreignaffairs.house.gov/schedule.asp

Testimony:

- The Honorable Eni F.H. Faleomavaega,
- The Honorable Donald A. Manzullo,
- Mr. David Shear,
- Mr. David Loevinger,
- Mr. John Podesta,
- Mr. Fred Bergsten,

- [Mr. Randall G. Schriver](#)

Eswar S. Prasad
The Effects of the Financial Crisis on the United States - China Economic Relationship
Cato Institute – Cato Journal - Spring/Summer 2009 – 13 pages
http://www.cato.org/pubs/journal/cj29n2/cj29n2-1.pdf

The rising linkages between the two economies now stretch beyond just trade and finance, to a variety of geographical and global security issues, says Cato. The global financial crisis has brought this relationship under the spotlight of international attention. Getting this relationship right has become considerably important. Eswar Prasad proposed what he termed a "grand bargain" between the two countries that would cover two areas -- macroeconomic policies and international economic affair.

Edward C. Skelton and Mike Nicholson
Rising Protectionist Threat Creates Risks for Texas
FRB Dallas – Article - Southwest Economy - Third Quarter 2009
http://dallasfed.org/research/swe/2009/swe0903c.cfm

Any significant trade restrictions imposed by the U.S. or other countries, especially Latin American nations, could hurt Texas' exports.

Gary Clyde Hufbauer and Claire Brunel
Capitalizing on the Morocco-US Free Trade Agreement: A Road Map for Success
Peterson Institute for International Economics - Brief and Book - September 2009
http://www.piie.com/publications/briefs/hufbauer4334.pdf
http://bookstore.piie.com/book-store/4334.html

"When the Morocco-US Free Trade Agreement (FTA) came into force in January 2006, both countries had high expectations. After three years of implementation, however, the results are mixed. The two countries have indeed succeeded in deepening bilateral trade and investment relations. But trade and investment started from a low base and levels have not reached the magnitudes expected. In particular, Moroccan business leaders are concerned about the poor performance of Moroccan exports to the United States and the inability to attract US foreign direct investment."

Laura M. Baughman and Joseph F. Francois
Failure to Implement U.S.-Korea and U.S.-Colombia Free Trade Agreements
U.S. Chamber of Commerce – Study - September 15, 2009 – 14 pages
http://www.uschamber.com/assets/international/uscc_trade_action_inaction_study.pdf

"In recent months, the United States has taken a number of trade actions – and refused to take others – that have a negative impact on U.S. companies, their workers, and the economy. We examine three of these – the failure to implement the U.S.-Colombia and the U.S.-Korea free trade agreements, "Buy American" provisions in the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), and the failure to implement the trucking provisions of the North American Free Trade Agreement and Mexico's resulting retaliation against U.S. exports. At the request of the United States Chamber of Commerce, we estimate these three trade actions/inactions would have a negative effect on U.S. companies and their workers, and that employment losses could total as much as 585,800 jobs."

Matthew Adler, Claire Brunel, Gary Clyde Hufbauer, and Jeffrey J. Schott
What's on the Table? The Doha Round as of August 2009

Peterson Institute for International Economics - Working Paper – August 2009 – 121 pages
http://www.piie.com/publications/wp/wp09-6.pdf

"To shed light on the debate concerning the benefits from Doha, the authors use three metrics to estimate the potential gains from liberalization in agriculture and NAMA… Overall, the authors estimate that the boost to global exports from concluding the Doha Round could range between $180 billion and $520 billion annually, depending on the level of ambition. The potential GDP gains are significant, between $300 billion and $700 billion annually, and well balanced between developed and developing countries."

Aaditya Mattoo and Arvind Subramanian
Criss-Crossing Globalization: Uphill Flows of Skill-Intensive Goods and Foreign Direct Investment
Peterson Institute for International Economics - Working Paper – August 2009 – 35 pages
http://www.piie.com/publications/wp/wp09-7.pdf

The authors "show that the propensity of several developing countries, such as China, Mexico, and South Africa, to export sophisticated goods to rich trading partners has been increasing. Also, FDI flows to developed countries from developing countries like Brazil and India as a share of their GDP are as large as FDI flows from rich countries like Japan and the United States… While a large part of the benefits of trade has traditionally been seen as access to imports and inward FDI, there is a growing recognition that exporting and outward FDI may also confer important benefits. These results suggest the need for a deeper analysis of whether development benefits might derive not from deifying comparative advantage but from defying it."

Peters et al.
What the 2008/2009 World Economic Crisis Means for Global Agricultural Trade
U.S. Department of Agriculture - August 20, 2009 – 32 pages
http://www.ers.usda.gov/Publications/WRS0905/WRS0905.pdf

The global economic crisis that started in late 2008 has led to a sharp curtailment of international trade, including a short-term decline in the value of global agricultural trade of around 20 percent. After slowing, global agricultural trade will continue to grow in the future. The crisis is leading to a realignment of exchange rates, and the ultimate resolution of the crisis will depend on adjustments in the exchange value of the U.S. dollar. The U.S. agricultural sector would benefit from a depreciating dollar, which results in high export earnings, high agricultural commodity prices, increased production, and increased farm income.

MISCELLANEOUS

Kelly Haverstock and Natalia A. Zhivan
Older Americans on the Go: How Often, Where, and Why?
Center for Retirement Research at Boston College - September 2009 – 10 pages
http://crr.bc.edu/images/stories/Briefs/ib_9-18.pdf

The lore on whether older Americans move is mixed. On the one hand, the stereotype of retirement is that people flock to a warm climate such as Florida or Arizona. On the other hand, researchers have found that the home equity of older Americans changes very little over time, suggesting that they tend to stay put. The brief examine how often older households move, where they move, and why they move.

Amy Traub
Principles for an Immigration Policy to Strengthen and Expand the American Middle Class: 2009 Edition
Drum Major Institute for Public Policy – Report – September 2009
http://www.drummajorinstitute.org/immigration/

"The report reveals not only that the American middle class relies on the economic contributions of undocumented immigrants, but also that the exploitation of undocumented immigrants threatens to drive down wages, benefits, and labor standards for all low-income and middle-income workers. Earned legalization for undocumented immigrants is shown to be the most effective way to maximize their economic contributions and prevent the workplace exploitation that makes it harder for low-income Americans to earn a middle-class standard of living."

The High Cost of High School Dropouts: What the Nation Pays for Inadequate High Schools
Alliance for Excellent Education **-** Web posted September 1, 2009 – 6 pages
http://www.all4ed.org/files/HighCost.pdf

If the high school students who dropped out of the Class of 2009 had graduated, the nation's economy would have benefited from nearly $335 billion in additional income over the course of their lifetimes, according to the brief. Not only do high school dropouts earn less when they are employed, they are much more likely to be unemployed during the current economic recession, the brief finds.

Edward C. Skelton and Erwan Quintin
Mexico's Año Horrible: Global Crisis Stings Economy
FRB Dallas – Article **-** Southwest Economy **-** Third Quarter 2009
http://dallasfed.org/research/swe/2009/swe0903b.cfm

Despite being hit hard by a severe global recession, a crackdown on drug cartels, a flu epidemic and trade disputes with the U.S, Mexico has managed to avoid a full-blown crisis, thanks to its efforts to reduce financial vulnerability and deal with several economic shocks.